



2021 TAXATION NOTICE - KANANASKIS IMPROVEMENT DISTRICT (KID)

Message from the Chair of Kananaskis District Council

In its 2021 budget and taxation deliberations, KID Council analysed options to equitably distribute the taxation burden, resulting in the creation of a new tax rate policy and the introduction of a proportional split of required taxation revenues. Further detail on the process and rationale for implementing the new tax rate policy and proportional split can be found below and in the attached *Frequently Asked Questions*.

Council also gave special consideration to the COVID-19 pandemic and the continued adverse impacts caused by business closures, reductions in visitor revenues, and public health restrictions. In response, Council authorized a drawdown of the KID operating reserve to provide tax relief and economic stimulus, while minimizing reductions in municipal service delivery. This year's budget also supports the priorities set out in our 2019 – 2022 Strategic Plan.

As noted above, the 2021 rate of taxation represents the first proportional split of taxation in KID. The split for 2021 is set at 72% (Non-Residential) and 28% (Residential). What this means is that 72% of the required revenues to deliver KID municipal services will be collected from non-residential properties and the remaining 28% will be collected from residential properties.

As compared to 2020, this change translates to about a 3% increase in the municipal net taxation rate for non-residential properties and a 3% decrease for residential properties. For a property assessed at \$500,000, municipal taxes in 2021 will decrease approximately \$108 for residential ratepayers and increase approximately \$197 for non-residential ratepayers. Note that the split rate and associated municipal taxes apply only to the portion of the tax bill that is determined by the KID and do not apply to the taxes that the KID collects on behalf of the Province of Alberta in the form of mandatory requisitions. For 2021, provincial requisitions account for approximately 31% of your total tax bill.

While it has proven challenging in the recent year to directly engage with residents and ratepayers, we continue to encourage stakeholders to attend Council meetings and to connect with their elected or appointed Council members. For up-to-date information on meeting dates and agendas, or to find contact information for KID Councillors and Administration, please see the KID website at www.kananaskisid.ca. We also invite you to fill out the attached *Permission for Stakeholder Contact* form so that we are able to directly inform you of matters of potential interest.

Please note that KID will be holding municipal elections in October 2021. Should you be interested in running for KID Council, or want to find out more about KID's election process, see <http://kananaskisid.ca/p/2021-kid-municipal-election> for details.

Melanie Gnyp
KID Councillor and Chair

2021 Taxation Notice to Residents and Ratepayers of Kananaskis Improvement District (KID)

Please find enclosed your 2021 taxation notice for Kananaskis Improvement District (KID).

This year, the total taxable assessed land value for KID decreased by approximately 3% to \$213,553,290, or a decrease of \$6,029,530 from the previous year.

In 2021, the net taxation required to fund KID municipal expenses is \$1,397,908. The total non-residential rate of taxation is 6.2907 and the total residential rate of taxation is 5.8716.

KID is responsible for collecting an additional \$589,953 to pay Municipal Affairs, Alberta Education and Bow Valley Regional Housing for the Designated Industrial Property, Alberta School Foundation Fund, and Alberta Seniors' Foundation requisitions, respectively. Note that KID has no control over these mandatory requisition amounts other than to collect them and to make the required payments on behalf of its ratepayers to the Government of Alberta.

Frequently Asked Questions

What was the process for determining the 2021 proportional split rate of taxation?

- Between September 2020 and March 2021, KID Council discussed and analysed options for a KID Tax Rate Policy. All deliberations occurred in public meetings and input was collected from numerous stakeholders.
- In February 2021, KID Council passed the KID Tax Rate Policy, which requires classes of ratepayers to pay taxes in proportion to the benefits they receive from municipal spending, in alignment with economic conditions, legislated municipal service delivery, and KID Council priorities.
- In February 2021, in accordance with the KID Tax Rate Policy, KID Council directed KID Administration to provide analysis relating to potential proportional splits ranging from 30% residential and 70% non-residential to 25% residential and 75% non-residential.
- In March 2021, KID Council passed the 2021 proportional split rate of 28% residential and 72% non-residential.

What was the process for determining KID's 2021 taxes?

- Between October 2020 and January 2021, KID Council discussed and established the municipal budget required to provide services, tax relief and stimulus in response to COVID-19 economic challenges. All budget deliberations occurred in public meetings.
- By the end of February 2021, independent assessors determined the property assessment value of each property within KID. As required by the *Municipal Government Act*, KID advised ratepayers of their assessed land value prior to the end of May 2021. The sum of all assessed values forms the total taxable assessed land value.
- In June 2021, KID received required budgetary and taxation approvals from the Minister of Alberta Environment and Parks.
- To determine the amount of revenue required from property taxes, KID took the total estimated expenditure and subtracted that from the total other sources of expected revenue within KID (e.g. business licence fees, provincial grants and operating contributions). The difference in these amounts is collected through taxes.

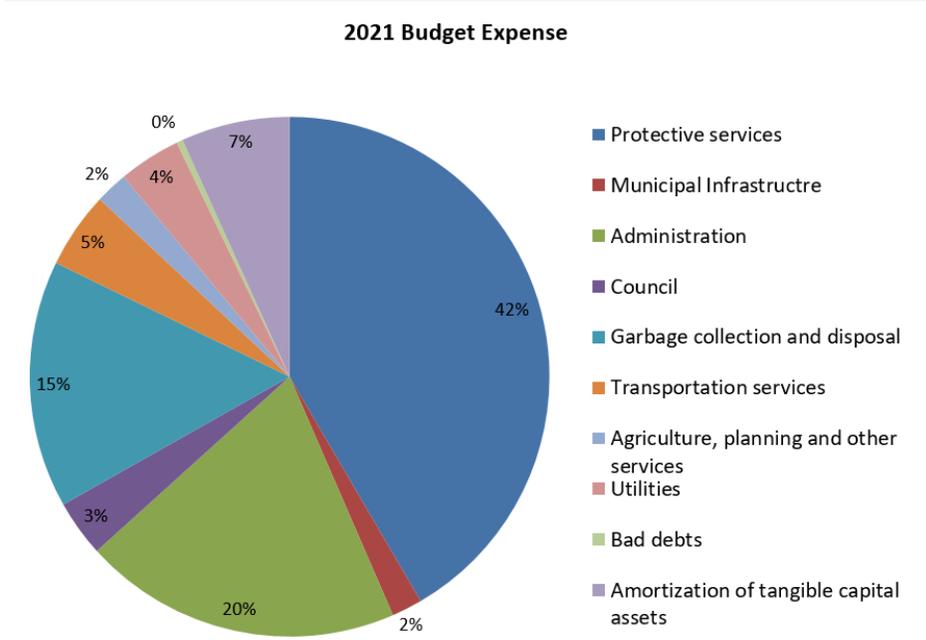
- A ratepayer’s taxes are calculated by multiplying the assessed value of their property by the following mill rates, as applicable: the net taxation rate (residential) OR the net taxation rate (non-residential); the Alberta School Foundation Fund rate (either residential or non-residential); the Designated Industrial Property rate; and the Seniors Foundation rate. While KID collects the Alberta School Foundation Fund and Seniors Foundation requisitions through taxes, it must remit these proceeds directly to the Province.

What has influenced the level of taxation in 2021?

- KID’s taxable assessed land value decreased approximately 3% as compared to 2020. This decrease is largely associated with reduced commercial values for some industrial properties and visitor-based commercial properties.
- KID Council provided COVID-19 taxation relief through a drawdown of its Operating Reserves.
- The rate of taxation is aligned with the Bank of Canada rate of inflation of 1.9%.
- KID prefers to collect stable and predictable revenue to fund fluctuating expense requirements.

What are taxes used for in KID?

- KID provides the following delegated authorities to residents and ratepayers: protective services; administrative services; garbage collection and disposal; transportation; Council training, expenses and honorariums; utilities; weed inspections, and infrastructure maintenance. Refer to the *2021 Budget Expense* chart for a visual representation.
- Note that provincial requisitions are included in overall taxes but not in this expense chart.
- An estimated \$151,803 will be collected in 2021 for amortization.



Who contributes to taxation revenues in KID?

Refer to the *2021 Property Tax by Constituency* chart for an approximate representation of how stakeholders contribute to KID taxation revenues.

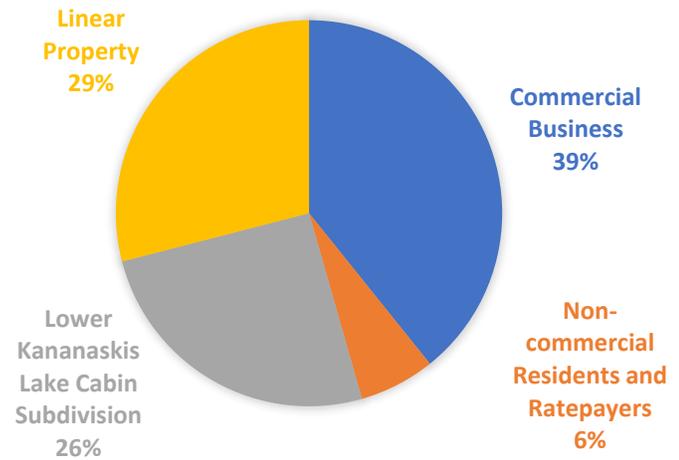
What are KID's sources of revenue?

KID has very limited sources of revenue and relies on ratepayers to contribute two-thirds of its total revenue requirements. Additional sources of revenue include sales of services and products, utilities, interest, and operating contributions. Refer to the *2021 Budget Revenue* chart for a breakdown of KID revenue streams.

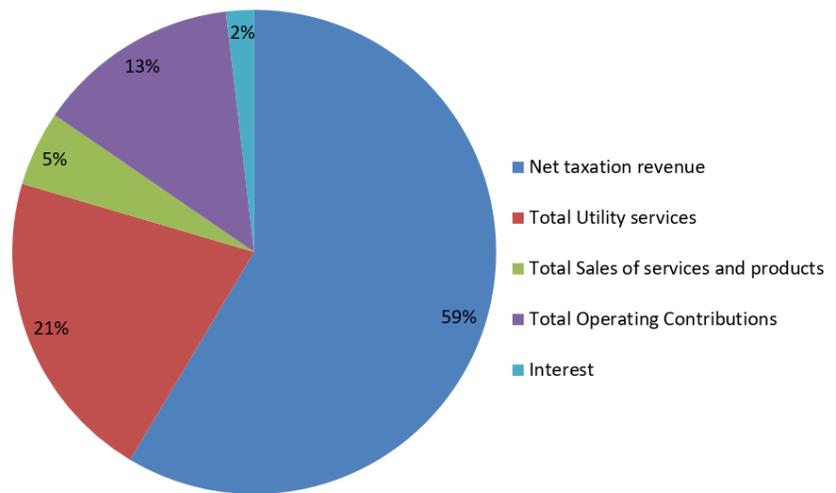
What is KID doing to reduce my tax burden?

- In the 2021 budget, KID Council sought expense reductions and used operating reserves to decrease taxes for all ratepayers.
- Council has expressed a desire to use operating reserves again in 2022 to provide economic recovery and taxation relief, to allow for a phased return to the Base Annual Operating Budget, and to avoid an abrupt taxation increase following the relief period.
- A key strategic priority of this Council has been to explore alternate revenue sources and financial tools which would allow for equitable taxation while maintaining required levels of service. The new KID Tax Rate Policy and implementation of proportional split in taxation resulted from Council's pursuit of this priority.

2021 Property Tax by Constituency



2021 Budget Revenue



How does taxation relief affect KID's future budgets, taxation, and ability to deliver sustainable services?

- KID has a healthy and well-established operating reserve. This year's drawdown of the operating reserve aligns with Council's desire to deliver taxation relief over three years as a means of limiting the negative economic impacts of COVID-19 while gradually stabilising year-over-year taxation.
- Maintaining the operating reserve according to our newly-implemented KID Reserve Policy allows KID to access unrestricted cash for operations, to deliver sustainable municipal services, to fund planned capital expenditures, and to respond to other unanticipated fiscal challenges.

What if I have questions about my taxation or about KID in general?

- Please send any questions regarding this taxation notice or KID to info@kananaskisid.ca.
- We encourage you to share your contact information with KID Administration, which will allow KID to send you updates relating to municipal services, governance, and Council decisions. If you have not already done so, please fill out the attached *Permission for Stakeholder Contact* form, use the “engage” link below, or call KID at 403-591-7774.

How can I get involved with KID?

- Visit www.kananaskisid.ca or email general inquiries to info@kananaskisid.com.
- Attend KID Council meetings, which typically occur on the second Tuesday of the month. See www.kananaskisid.ca for specific details on meeting times, agendas and locations.
- Sign up as a KID stakeholder to stay informed and to receive notification about meetings, consultations, open houses, and other KID-related business (www.kananaskisid.ca/p/engage).
- Consider running for KID Council in the October 2021 municipal election. See <http://kananaskisid.ca/p/2021-kid-municipal-election> for more information.